

DOCKET SECTION

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS PATELUNAS TO
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T15-14-16)

The United States Postal Service hereby provides the responses of witness
Patelunas to the following interrogatories of the Office of the Consumer Advocate:
OCA/USPS-T15-14-16, filed on September 10, 1997.

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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September 24, 1997

Response of United States Postal Service Witness Patelunas
to Interrogatories of
Office of the Consumer Advocate

OCA/USPS-T15-14. Please refer to your response to OCA/USPS-T24-60b, redirected to you by Witness Lion. Witness Lion estimates a decrease of 4.99 percent $(14,839,920 / 15,620,769 - 1)$ in the number of post office boxes during the test year.

a. Please identify, and provide citations for, all "components that are used to build the distribution keys for the PESSA costs" that are affected by the decrease in the number of post office boxes during the test year.

b. Please confirm that, if witness Lion had estimated a 4.99% *increase* in post office boxes during the test year, only the components identified in part a. above would be affected.

i. If you do not confirm, please explain, identify the components affected, and show the change in attributable post office box costs in the TYAR. Include citations for all figures used.

ii. If you confirm, please explain whether the distribution keys would change.

c. Please provide the percentage changes for the components identified in part a. above that occur from

i. the Base Year 1996 to Test Year Before Rates 1998, and

ii. the Test Year Before Rates 1998 to Test Year After Rates 1998.

d. Please show the changes in attributable post office box costs from the TYBR to the TYAR as a result of the 4.99% decrease in the number of post office boxes during the test year. Please show the development of TYAR attributable post office box costs using the components and distribution keys identified in part a. above.

OCA/USPS-T15-14 Response:

a. Pages 2 and 3 of Attachment I that accompanies this response show the PESSA components affected by the change in the number of post office boxes in the test year.

The first column is the component number, the second column is the component title, the third column is the distribution key and the fourth column is the source of the explanation concerning the treatment in the model. The PESSA components are treated the same in both the base year and rollforward portions of the Postal Service's

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OCA/USPS-T15-14 Response continued:

cost model. Additionally, for each year in the cost model, the development and use of these components can be found in the following workpapers:

Base Year 1996	WP A-3 and WP A-4
FY 1997 Before Volume and Workyear Mix Adjustments	WP-A, Tables B and C
FY 1997 After Volume Mix and Before Workyear Mix	WP-B, Tables B and C
FY 1997 Volume and Workyear Mix Adjusted	WP-C, Tables B and C
TY 1998BR Before Workyear Mix Adjustment	WP-D, Tables B and C
TY 1998BR After Workyear Mix Adjustment	WP-E, Tables B and C
TY 1998AR Before Workyear Mix Adjustment	WP-F, Tables B and C
TY 1998AR After Workyear Mix Adjustment	WP-G, Tables B and C

b. Part b is not confirmed.

i. In addition to the PESSA components cited above, the components listed on page 1 of Attachment I to this response change as a result of the change in the number of post office boxes. Page 1 of Attachment I shows the components that receive a mail volume effect in the rollforward model. Column 1 is the component number, column 2 is the component title, column 3 is the treatment in the file VBL2 in the rollforward and column 4 is the sources in which the VBL2 for each year can be found. Particularly, Section 2 is Fiscal Year 1997, Section 5 is Test Year 1998 Before Rates and Section 7 is Test Year 1998 After Rates. The change in volume variable costs of post office boxes resulting from the mail volume effect can be seen on a component by component basis in the following workpapers:

FY 1997 Before Volume and Workyear Mix Adjustments	WP-A, Table A, Table 3.
TY 1998BR Before Workyear Mix Adjustment	WP-D, Table A, Table 3.
TY 1998AR Before Workyear Mix Adjustment	WP-F, Table A, Table 3.

The change in volume variable costs of post office boxes resulting from the PESSA treatment can be seen on a component by component basis in the workpapers listed in part a. of this response.

**Response of United States Postal Service Witness Patelunas
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OCA/USPS-T15-14 Response continued:

- ii. Not applicable.
- c.
 - i. Any percentage changes for the components identified in part a. that occur from the Base Year 1996 to the Test Year Before Rates 1998 and the Test Year After Rates 1998 can be calculated using the sources provided in my responses to parts a and b and the sources provided to Attachment I to OCA/USPS-T15-14.
 - ii. Part ii. is confusing because there is no change from Test Year 1998 Before Rates to Test Year 1998 After Rates. The changes are from Fiscal Year 1997 to Test Year 1998 Before Rates and from Fiscal Year 1997 to Test Year 1998 After Rates. As stated in my response to part I., any of these calculations can be performed by referring to the sources cited.
- d. See my response to part c.

Component	Component Title	Treatment in VBL 2	Sources
1	Postmasters 23 and Below	Direct	USPS-LR-H-4 Sections 2, 5 or 7
7	Supv. Window Services	Piggyback on component 40	USPS-LR-H-4 Sections 2, 5 or 7
9	Supv. Time & Attendance	Piggyback on many salary components	USPS-LR-H-4 Sections 2, 5 or 7
13	Supv. City Carrier In-Office	Piggyback on component 43	USPS-LR-H-4 Sections 2, 5 or 7
30	Higher Level Supv.	Piggyback on many salary components	USPS-LR-H-4 Sections 2, 5 or 7
601	Supv. Training Other	Piggyback on component 470	USPS-LR-H-4 Sections 2, 5 or 7
678	Joint Supv. Clerks & Carriers	Piggyback on many CS 3, 6 and 7 components	USPS-LR-H-4 Sections 2, 5 or 7
40	Window Service	Direct	USPS-LR-H-4 Sections 2, 5 or 7
422	General Office and Clerical	Direct	USPS-LR-H-4 Sections 2, 5 or 7
470	Training Other	Direct	USPS-LR-H-4 Sections 2, 5 or 7
228	Time & Attendance	Piggyback on many salary components	USPS-LR-H-4 Sections 2, 5 or 7
43	City Carrier In-Office	Direct	USPS-LR-H-4 Sections 2, 5 or 7
44	City Carrier In-Office Support	Piggyback on component 43	USPS-LR-H-4 Sections 2, 5 or 7
49	City Carrier Street Other Office	Piggyback on component 43	USPS-LR-H-4 Sections 2, 5 or 7
199	Replaced Annual Leave	Piggyback on many salary components	USPS-LR-H-4 Sections 2, 5 or 7
200	CSRS Current	Piggyback on many salary components	USPS-LR-H-4 Sections 2, 5 or 7
201	CSRS Prior	Piggyback on many salary components	USPS-LR-H-4 Sections 2, 5 or 7
204	Workers' Comp	Piggyback on many salary components	USPS-LR-H-4 Sections 2, 5 or 7
903	Post Office Box	Piggyback on many salary components	USPS-LR-H-4 Sections 2, 5 or 7

Component	Component Title	Distribution Key	Sources
40	Window Services	Window Service is distribution key	WP A-3 18.1
903	Post Office Boxes	Post Office Box only distribution key	WP A-3 16.1
1001	Window Service Space	Distributed on Component 40	WP A-3 28.1
1003	Post Office Box Space	Distributed on Component 903	WP A-3 28.1
1099	Total Space Key	Sum including comps: 1001 and 1003	WP A-3 46.1
1101	Window Service Rental	Distributed on Component 40	WP A-3 48.1
1103	Post Office Box Rental	Distributed on Component 903	WP A-3 48.1
1199	Total Rental Key	Sum including comps: 1101 and 1103	WP A-3 66.1
428	T & A Supervision	Distributed on Component 527 All Salaries exc. CS 2 T&A and E&LR and CS3 T&A	WP A-4 6.1
427	Employee and Labor Relations	PESSA distributed on Component 527 All Salaries exc. CS 2 T&A and E&LR and CS3 T&A	WP A-4 6.1
429	Employee and Labor Relations	PESSA distributed on Component 527 All Salaries exc. CS 2 T&A and E&LR and CS3 T&A	WP A-4 8.1
74	Cleaning & Protection Personnel	PESSA distributed on Component 1099	WP A-4 10.1
81	Contract Cleaners	PESSA distributed on Component 1099	WP A-4 10.1
79	Plant & Building Equipment	PESSA distributed on Component 1099	WP A-4 10.1
165	Rents	PESSA distributed on Component 1199	WP A-4 12.1
298	Fuel & Utilities	PESSA distributed on Component 1199	WP A-4 12.1
297	Custodial & Building	PESSA distributed on Component 1099	WP A-4 14.1
194	USPS Protection Force	PESSA distributed on Component 1099	WP A-4 16.1
432	CSRS Current	PESSA distributed on Component 433 All Salaries Key and Personnel costs from CS 13, 16, 18 and 19	WP A-4 18.1
434	CSRS Prior	PESSA distributed on Component 433 All Salaries Key and Personnel costs from CS 13, 16, 18 and 19	WP A-4 18.1
435	CSRS Summation	Includes Components 432 and 434 PESSA distributed on Component 433 All Salaries Key and Personnel costs from CS 13, 16, 18 and 19	WP A-4 18.1
208	Retiree Health Benefits	PESSA distributed on Component 433 All Salaries Key and Personnel costs from CS 13, 16, 18 and 19	WP A-4 20.1
71	Annuitant Life Insurance	PESSA distributed on Component 433 All Salaries Key and Personnel costs from CS 13, 16, 18 and 19	WP A-4 20.1

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OCA/USPS-T15-15. Please refer to your response to OCA/USPS-T24-60b, redirected to you by Witness Lion.

a. Please confirm that the "BY96" post office box percentages in components 1099 (Total Key of Space Components) and 1199 (Total Key of Rental Value Components) are computed as follows.

i. Component 1099 (Total Key of Space Components): $8.89\% = 8,886,754 / 100,000,000$

ii. Component 1199 (Total Key of Rental Value Components): $9.67\% = 9,669,160 / 100,000,000$

b. Please confirm that the "TYAR" post office box percentages in components 1099 (Total Key of Space Components) and 1199 (Total Key of Rental Value Components) are computed as follows.

i. Component 1099 (Total Key of Space Components): $8.81\% = 8,814,255 / 1,00,000,000$

ii. Component 1199 (Total Key of Rental Value Components): $9.57\% = 9,568,770 / 100,000,000$

c. Please provide the "TY98BR" post office box percentages for components 1099 (Total Key of Space Components) and 1199 (Total Key of Rental Value Components).

OCA/USPS-T15-15 Response:

a. i. Subpart i. is confirmed.

ii. Subpart ii. is confirmed.

b. i. Subpart i. is confirmed.

ii. Subpart ii. is confirmed.

c. Using the same calculation method employed in parts a and b, please refer to the amounts shown on pages 46 (Component 1099) and 66 (Component 1199) of my workpaper WP-E, Table B.

**Response of United States Postal Service Witness Patelunas
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OCA/USPS-T15-16. Please refer to Appendix B of your testimony (USPS-T-5) in Docket No. MC96-3. In Appendix B, page 1, lines 4-7, you state

The presentation is based on the assumption that a percentage decrease in the number of Post Office Boxes in use will be followed by [the] same percentage of mail delivered on the street, either by city delivery carriers or rural carriers.

a. Please confirm that you made the same assumption in your testimony in Docket No. R97-1, that "a percentage decrease in the number of Post Office Boxes in use will be followed by [the] same percentage of mail delivered on the street." If you do not confirm, please explain. If you do confirm, please provide a citation to the document that implements the assumption.

b. If the assumption stated in the quote above is no longer applicable to post office boxes in Docket No. R97-1, please explain what has changed in this docket to make the assumption no longer applicable.

OCA/USPS-T15-16 Response:

a and b. Part a. is not confirmed. Nothing has changed in this docket to make the assumption no longer applicable. To see the impact of employing my Docket No.

MC96-3 Appendix B methodology, see USPS Library Reference H-274, Cost Adjustments for Changes Due to Proposed Rates Impact on Post Office Boxes Provided in Response to OCA/USPS-T15-9c.

DECLARATION

I, Richard Patelunas, declare under penalty of perjury that the foregoing answers to interrogatories are true and correct to the best of my knowledge, information, and belief.

A handwritten signature in black ink, appearing to read "Richard Patelunas", is written over a horizontal line.

Dated: 9/24/97

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.


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September 24, 1997